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TO : SECSTATE WASHDC

INFO : VIENNA FOR UNVIE; DEAHQS WASHDC; USCUSTOMS WASHDC;
HQ, US EUROPEAN COMMAND; OASD/HA ODAAP - PENTAGON

FROM : AMEMBASSY MANAGUA

DATE: NOVEMBER 1, 1985

SUBJECT: ANNUAL NARCOTICS STATUS REPORT (ANSR) FOR 1984-85

REF : STATE 218513

I. Perception of Illicit Narcotics Activities in the Host Country and the Local Government's Control Efforts:

While drug abuse still does not appear to be a significant problem in Nicaragua, the use and sale of drugs (especially marijuana) appears to be on the increase. The political atmosphere created by the revolution, the extensive social and police controls, the depressed economic situation and the influential role of religion in many people's lives all serve to inhibit the use of illegal narcotics. Most key leaders, both in the government and in the opposition, view the use of drugs negatively. The Government of Nicaragua (GON) publicly emphasized this point by signing the Quito Declaration Against Narcotics Trafficking in August 1984. There is compelling evidence, however, linking at least one key GON official, Comandante Tomas Borge, Minister of the Interior, with cocaine trafficking. Borge is one of the most influential members of the ruling party, the Sandinista National Liberation Front (FSLN). As Interior Minister, he oversees the police units responsible for drug enforcement.

In an article in one of the government-controlled newspapers in July of this year, the GON claimed that the level of drug addiction had dropped dramatically. The director of the national psychiatric hospital, where drug abusers are treated, stated that the hospital had not treated a single drug addict in 1985. He said there were two cases per year in 1983 and 1984. He quickly added, however, that "this does not mean that there is no drug consumption, but rather that the levels are much lower," implicitly since the 1979

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revolution. On October 29, pro-GON Radio Sandino announced that the Ministry of Interior will establish a "wide-ranging and permanent operation" to combat drugs, which will include "the rehabilitation of drug addicts."

Drug arrests appear to be few, with small amounts of drugs found. For example, Sub-Comandante Enrique Schmidt, head of the Fourth Unit of the Sandinista Police (the unit responsible for drug enforcement), announced on October 28, 1985, the break-up of a "major" marijuana trafficking ring. The police had recovered marijuana with an estimated value, however, of less than 50 dollars and had confiscated local currency equivalent to less than 900 dollars.

For its part, the GON has accused the U.S. of dispensing drugs to counterrevolutionary forces. The GON also has accused counterrevolutionary forces of encouraging increased production of marijuana in the northern departments and of growing the plant in its camps in Honduras.

II. U.S. Interests:

The strained state of relations between the GON and the United States has eliminated bilateral cooperation on narcotics control. There are no U.S.-sponsored programs with the GON; the GON has repeatedly refused Embassy requests for meetings and information. One of the pro-GON newspapers complained that it had attempted on several occasions to gather information on the drug situation from the Ministry of Interior, but had never been granted an interview by any official. In light of the complete lack of cooperation on the part of the GON, U.S. efforts for cooperation are better focussed on regional and neighboring countries' organizations and institutions.

III. Country Narcotics Profile:

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A. The Production, Financing and Marketing of Licit Narcotics:

There are a few small privately-owned pharmaceutical laboratories which produce drugs and medicines for the local market. Production of medications which contain narcotics is controlled; they are sold only by prescription. Domestically-produced medications containing narcotics or dangerous drugs could, however, enter the illegal market through theft or through the fraudulent or illegal acquisition of prescriptions. The following comments are keyed to questions posed in refrel:

Embassy has no information concerning production of opium, coca, methaqualone, amphetamines or barbiturates, no data on chemicals used in the manufacture of licit drugs, nor any information on the marketing of such drugs or chemicals.

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B. The Production, Financing, and Marketing of Illicit Narcotics and Precursor Chemicals:

Embassy has no information on any of these subjects.

D. Transshipment of Illegal Drugs:

(1) Public information supplied by a former Interior Ministry official, Alvaro Jose Baldizon, indicates that Interior Minister Tomas Borge has been involved in cocaine trafficking. Baldizon provided detailed statements describing how Borge made contact with Colombian cocaine dealers through a Ministry-controlled company which was set up to obtain U.S. dollars. According to Baldizon, Borge supplied the Colombian traffickers with airplanes and access to a Nicaraguan airstrip for use as a refueling point for flights between Colombia and the United States. On one occasion, Baldizon was told by his supervisor (Charlotte Baltodano Eguer) that she had witnessed Borge personally remove cocaine from an airplane. DEA investigations in 1983-84 also implicated another Nicaraguan, reportedly with close ties to Borge, in narcotics trafficking. Photographs obtained by a DEA operative showed Nicaraguan military officials loading cartons reportedly containing cocaine into a small aircraft, allegedly at the Managua airport. Reports claimed the aircraft was parked in a military zone of the airport, a fact which was said to imply military cooperation in the transfer and, according to some, indicated the direct involvement of Defense Minister Humberto Ortega. The GON has denied all accusations stemming from the 1983-84 investigations.

(2) We have no independent information on the modes of transport used in trafficking, but apparently small airplanes, such as the Aero Commander and Navajo, have been used.

(3) The Pan American Highway passes through Nicaragua and thus any narcotics transported overland from Panama or Costa Rica to the U.S. would necessarily transit the country. The principal border crossing points are Penas Blancas (with Costa Rica) and El Espino and Guasaule (with Honduras). It is also possible to ship drugs by sea via either the Atlantic or the Pacific Coast. The only international airport in Nicaragua is the Augusto Cesar Sandino Airport in Managua. Nicaragua is not a major aviation hub, and the volume and destinations of civil and commercial flights transitting Managua are relatively small; thus, it would not be an ideal transit center for shipping drugs by air. However, there are many small airports and airstrips that can and have been used as refueling points for light aircraft.

(4) We have no current information on organized drug trafficking rings operating in Nicaragua.

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D. Significance of Drug Production on the Country's Economy:

Drug production is essentially small scale and has no measurable impact on the local economy. Illicit drug production is presumed to be negligible.

E. Local Drug Abuse During 1984-85:

There are no statistics available on drug abuse. The director of the national psychiatric hospital reported in July 1985 that the hospital had not treated a single drug addict in 1985, but a more recent Interior Ministry announcement seems to indicate increased need for treatment and rehabilitation (see Section I).

F. Legal Aspects:

There were no changes in the internal legal framework governing narcotics control in 1984-85. The legal system appears to deal effectively with drug cases. One unusual feature of the Nicaraguan system is that the police are authorized to administratively sentence drug offenders to up to two years in prison. We are not aware of any move to change the legal framework governing drug abuse.

G. Enforcement Agencies:

The Sandinista police have a specially-trained unit, the unit on drugs and vice, which has jurisdiction over offenses involving drugs. Customs officials also have responsibilities concerning the importation of drugs. There is no indication of narcotics-related law enforcement corruption beyond that noted in Section III.C.

H. Training:

We have no information on special training the GON may provide to law enforcement officers in drug control. No U.S. training has been provided for years. We are not aware of any third country training programs in Nicaragua.

I. Prevention, Treatment and Rehabilitation Programs:

The GON's Ministry of Health operates a rehabilitation clinic in Managua. Most drug addicts are treated as outpatients. Some acute addicts are confined in the national psychiatric hospital.

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IV. Multi-Lateral Drug Control:

Nicaragua is a party to the 1961 Single Convention and the 1971 Convention on Psychotropic Substances. It is not a signatory of the 1972 amendments to the Single Convention. The Embassy has no information indicating why Nicaragua did not sign the amendments. In August 1984, the GON signed the Quito Accord Against Drug Trafficking. Embassy has no information concerning Paragraphs (B) through (D).

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Nicaragua

A DEA drug investigation, and subsequent indictments, in mid-1984 alleged the use of Nicaragua as a cocaine processing and staging area, with the possible assistance of high-level Sandinista officials. The indictment charged the violations described in the following paragraphs.

Sometime in 1984, major Colombian cocaine traffickers Pablo ESCOBAR, Carlos LEHDER and Jorge OCHOA allegedly established cocaine processing laboratories in Nicaragua to escape the law enforcement pressure in Colombia that resulted from the assassination of Justice Minister Rodrigo Lara-Bonilla. The laboratories reportedly were set up with the assistance of Frederico VAUGHAN, an aide to Nicaragua's Minister of the Interior Tomas Borge.

During June 1984, ESCOBAR, OCHOA, VAUGHAN and other drug traffickers, arranged for the shipment of a large quantity of cocaine from Colombia through Nicaragua to the United States. The first attempt to fly the cocaine out of Nicaragua failed when Nicaraguan military personnel fired on the aircraft and forced it to land. VAUGHAN secured the release of the pilots from jail and provided secure facilities in Nicaragua for the aircraft and the cocaine.

On June 25, ESCOBAR, VAUGHAN and Gonzalo RODRIGUEZ Gacha, delivered 1,452 pounds of cocaine to an airplane in Managua, Nicaragua, which was then flown to Florida where the cocaine was later seized.

On July 6, 1984, an individual delivered \$1.5 million to another individual in Miami, Florida, with instructions to carry the cash to ESCOBAR and VAUGHAN in Managua for payments to facilitate and maintain the manufacture and distribution of cocaine destined for the United States. The money, along with other supplies was then flown to Managua and on July 7, was delivered to VAUGHAN and ESCOBAR.

In late July 1984, DEA arrested several individuals as a result of this investigation. LEHDER, ESCOBAR, VAUGHAN and RODRIGUEZ have not yet been arrested and are fugitives.

At this time DEA cannot unequivocally state that the use of Nicaragua as a drug trafficking center is sanctioned by the ruling Sandinista Junta. However, the involvement of VAUGHAN and his use of his official position to facilitate drug trafficking, together with the Nicaraguan Government's closeness to the Cuban Government, which is known to support the trafficking activity of selected drug smugglers, indicate there may be official Nicaraguan complicity in supporting drug movement through Central America.

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